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JO, EG, RS, CH, LE, SY, IS
SUBJECT: U/S BURNS' AUGUST 17 MEETING WITH ISRAELI MOSSAD
CHIEF MEIR DAGAN

Classified By: Ambassador Richard H. Jones. Reasons: 1.4 (b)(d).

SUMMARY

¶1. (S) In an August 17 meeting, Israeli Mossad Chief Meir Dagan thanked Under Secretary Burns for America's support of Israel as evidenced by the previous day's signing of an MOU that provides Israel with USD 30 billion in security assistance from 2008-2018. Dagan provided his assessment of the Middle East region, Pakistan and Turkey, stressing Israel's (a) concern for President Musharraf's well-being, (b) view that Iran can be forced to change its behavior, and (c) sense that Turkey, Egypt, Jordan, Syria and Lebanon are unstable with unclear futures ahead of them. Dagan probed for more detail about XXXXXXXXXXXX U.S. military assistance to the Gulf states, and -- while signaling agreement with the U.S. approach to the Gulf states vis-a-vis Iran -- cautioned that they may not be able to absorb significant military assistance. Dagan reviewed Israel's five-pillar strategy concerning Iran's nuclear program, stressed that Iran is economically vulnerable, and pressed for more activity with Iran's minority groups aimed at regime change. Dagan urged caution in providing assistance to the Siniora government in Lebanon, noting Syrian and Iranian efforts to topple the GOL.

¶2. (S) Under Secretary Burns cited the MOU as tangible evidence of the USG's commitment to Israel, and stressed that the U.S. would support all of its friends -- Arabs included -- in the Middle East, and will remain engaged in the region for the long term. He described U.S. efforts to support the Musharraf and Karzai governments as they face opposition from Al-Qaeda and the Taliban, and explained that the Gulf Security Dialogue is meant to bolster Gulf states facing threats from Iran. The Under Secretary reviewed U.S. efforts to isolate Iran and increase pressure on it, stressing that the U.S. is currently focused on the diplomatic track. He shared USG thinking about the Siniora government in Lebanon, and urged that the U.S. and Israel continue to consult on Lebanon. END SUMMARY.

THE SECURITY ASSISTANCE MOU AND ISRAEL'S QME

¶3. (S) Dagan observed that the signing of the MOU on security assistance could not have come at a better time, and stressed that Israel appreciated America's support. The Under Secretary agreed about the timing, noting that the U.S., Israel and like-minded countries were facing multiple

threats around the world, and that the Middle East is a very dangerous region. He said that the MOU serves as a concrete reminder that the U.S. stands by its long-term security commitments to its friends, and is ready to help them with their needs. The Under Secretary noted that the Middle East is now at the heart of American interests. Because Egypt also plays a vital role in the region, the U.S. would also renew its security assistance commitment to that country. U.S. relations with the Gulf states were longstanding, and America would stay true to those friendships, as well. The Under Secretary stressed that the USG is committed to Israel's QME. He noted that the majority of systems and equipment that the U.S. would sell to Egypt and other Arab partners would replace items that had been sold to those countries in the past.

DAGAN REVIEWS MIDDLE EAST, PAKISTAN, TURKEY

¶4. (S) Assessing the region, Dagan said Israel sees itself in the middle of a rapidly changing environment, in which the fate of one Middle Eastern country is connected to another. Dagan then said he was concerned about how long Pakistani President Musharraf would survive: "He is facing a serious problem with the militants. Pakistan's nuclear capability could end up in the hands of an Islamic regime." Turning to Iran, Dagan observed that it is in a transition period. There is debate among the leadership between Rafsanjani and Ahmadinejad and their respective supporters. Instability in Iran is driven by inflation and tension among ethnic minorities. This, Dagan said, presents unique opportunities, and Israelis and Americans might see a change in Iran in

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their lifetimes. As for Iraq, it may end up a weak, federal state comprised of three cantons or entities, one each belonging to the Kurds, Sunnis and Shias.

¶5. (S) Dagan said that the Gulf states and Saudi Arabia are concerned about the growing importance of Iran and its influence on them. They are taking precautions, trying to increase their own military defensive capabilities. Referring to the Gulf Security Dialogue (GSD), Dagan warned that these countries would not be able to cope with the amount of weapons systems they intend to acquire: "They do not use the weapons effectively."

¶6. (S) Dagan said that Jordan has successfully faced down threats from the Muslim Brotherhood and Hamas, and that Egypt is struggling with the question of who will replace President Mubarak. He said he sees no hope for the Palestinians, and that Israel looks at Syria and Lebanon, and sees only instability. Further afield, it looks at Turkey and sees Islamists gaining momentum there. The question, he asked, is how long Turkey's military -- viewing itself as the defender of Turkey's secular identity -- will remain quiet.

¶7. (S) If Israel's neighborhood were not unstable enough, Dagan observed, it did not help that Russia is playing a "very negative role" in the region. He observed that all of these challenges have to be addressed globally -- they could not be dealt with individually. Returning to Jordan as an example, he noted that the more than one million Iraqi refugees in Jordan were changing Jordanian society, and forcing it into a new relationship with Saudi Arabia. This is evidenced by Saudi King Abdullah's recent visit to Jordan, which implies greater understanding between the Jordanians and the Saudis.

DISCUSSION OF THE GULF SECURITY DIALOGUE

¶8. (S) Turning to the Gulf Security Dialogue (GSD), Dagan said that enhancing the capabilities of the Gulf states "is

the right direction to go," especially as they are afraid of Iran. Such a U.S. commitment will be a stabilizing factor in the region. Dagan clarified that he would not oppose U.S. security assistance to America's Arab partners. He expressed concern, nevertheless, about the current policies of those partners -- especially with regards to Syria and Iran. Dagan added that if those countries must choose between buying defensive systems from the U.S. or France, then he would prefer they buy systems from the U.S., as this would bring them closer to the U.S.

¶9. (S) Dagan observed that the challenge facing the U.S. now is how to unite the Gulf states under a shared policy, and pointed to Qatar as the weakest link in the chain, trying to play all sides. Under Secretary Burns replied that the U.S. is trying to get Qatar and its neighbors to look at issues from a regional perspective, and to focus on threats in a unified way. Acting PM Assistant Secretary Mull expressed understanding for Israel's frustration with how the region looked, but stressed nevertheless that if America did not engage the Gulf states through the GSD, the situation would become much worse. It is critical to get the Gulf states focused on the Iran threat, and to adopt a regional approach to countering it. Encouraging and supporting their counterproliferation efforts would be crucial. Dagan said he agreed with this approach, stressing that the threat of radical Islam is real.

IRAN: DAGAN REVIEWS ISRAEL'S FIVE PILLAR STRATEGY

¶10. (S) Dagan led discussion on Iran by pointing out that the U.S. and Israel have different timetables concerning when Iran is likely to acquire a nuclear capability. He clarified that the Israel Atomic Energy Commission's (IAEC) timetable is purely technical in nature, while the Mossad's considers other factors, including the regime's determination to succeed. While Dagan acknowledged that there is still time to "resolve" the Iran nuclear crisis, he stressed that Iran is making a great effort to achieve a nuclear capability: "The threat is obvious, even if we have a different timetable. If we want to postpone their acquisition of a

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nuclear capability, then we have to invest time and effort ourselves."

¶11. (S) Dagan described how the Israeli strategy consists of five pillars:

A) Political Approach: Dagan praised efforts to bring Iran before the UNSC, and signaled his agreement with the pursuit of a third sanctions resolution. He acknowledged that pressure on Iran is building up, but said this approach alone will not resolve the crisis. He stressed that the timetable for political action is different than the nuclear project's timetable.

B) Covert Measures: Dagan and the Under Secretary agreed not to discuss this approach in the larger group setting.

C) Counterproliferation: Dagan underscored the need to prevent know-how and technology from making their way to Iran, and said that more can be done in this area.

D) Sanctions: Dagan said that the biggest successes had so far been in this area. Three Iranian banks are on the verge of collapse. The financial sanctions are having a nationwide impact. Iran's regime can no longer just deal with the bankers themselves.

E) Force Regime Change: Dagan said that more should be done to foment regime change in Iran, possibly with the support of student democracy movements, and ethnic groups (e.g., Azeris, Kurds, Baluchs) opposed to the ruling regime.

¶12. (S) Dagan clarified that the U.S., Israel and like-minded countries must push on all five pillars at the same time. Some are bearing fruit now; others would bear fruit in due time, especially if more attention were placed on them. Dagan urged more attention on regime change, asserting that more could be done to develop the identities of ethnic minorities in Iran. He said he was sure that Israel and the U.S. could "change the ruling regime in Iran, and its attitude towards backing terror regimes." He added, "We could also get them to delay their nuclear project. Iran could become a normal state."

¶13. (S) Dagan stressed that Iran has weak spots that can be exploited. According to his information, unemployment exceeds 30 percent nationwide, with some towns and villages experiencing 50 percent unemployment, especially among 17-30 year olds. Inflation averages more than 40 percent, and people are criticizing the government for investing in and sponsoring Hamas, saying that they government should invest in Iran itself. "The economy is hurting," he said, "and this is provoking a real crisis among Iran's leaders." He added that Iran's minorities are "raising their heads, and are tempted to resort to violence."

¶14. (S) Dagan suggested that more could be done to get the Europeans to take a tougher stand against Iran. Under Secretary Burns agreed, and suggested that Israel could help

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by reaching out to the Europeans. Dagan said that Israel is already doing this, and would continue to do so. Dagan reiterated the need to strike at Iran's heart by engaging with its people directly. Voice of America (VOA) broadcasts are important, but more radio transmissions in Farsi are needed. Coordination with the Gulf states is helpful, but the U.S. should also coordinate with Azerbaijan and countries to the north of Iran, to put pressure on Iran. Russia, he said, would be annoyed, but it would be fitting, as Russia appears bent on showing the U.S. that it cannot act globally without considering Russia.

¶15. (S) Under Secretary Burns stressed that the USG is focused on Iran not only because of its nuclear program, but also because it supports terrorism and Shiite militias in Iraq. The U.S. approach is currently focused on the diplomatic track and increasing pressure on Iran through sanctions. Work in the UNSC helps to define the Iranian nuclear threat as one that affects international security, and not just that of Israel. While UNSC members Russia, China and Qatar will water down efforts to increase pressure on Iran, it is still worthwhile to push for a third sanctions resolution. In the meantime, the U.S. will encourage the Europeans, Japan and South Korea to implement unilateral sanctions against Iran outside the UNSC framework. The U.S.

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will continue to encourage banks and financial institutions to slow down their operations in Iran and financially isolate it. Regarding military pressure, the Under Secretary noted that the U.S. has deployed 1-2 carrier battle groups in the Gulf over the last six months, and that President Bush has stated that he will interrupt Iran's activity in Iraq. As for outreach to the Iranian people, the VOA is now broadcasting programs in Farsi, and the USG is trying to get more Iranian students to visit the U.S. to promote people-to-people relations.

PAKISTAN: ISRAEL WORRIED ABOUT MUSHARRAF

¶16. (S) On Pakistan, Dagan said that President Musharraf is losing control, and that some of his coalition partners could threaten him in the future. The key question, Dagan said, is whether Musharraf retains his commander-in-chief role in

addition to his role as president. If not, he will have problems. Dagan observed that there has been an increase in the number of attempts on Musharraf's life, and wondered whether he will survive the next few years. Under Secretary Burns replied that South Asia has assumed vital importance in American foreign policy since September 11. The U.S. is committed to denying Afghanistan as a safe-haven for Taliban and Al-Qaeda activity. The USG will continue to support Pakistani President Musharraf, and is seeking to boost his military defensive capabilities. At the same time, the U.S. is encouraging Pakistan and Afghanistan to work with each other militarily. Turning to India, Under Secretary Burns noted that U.S.-Indian economic cooperation is growing, and that the USG is working effectively to reduce tensions between India and Pakistan.

LEBANON: DAGAN URGES CAUTION

¶17. (S) Dagan urged caution with respect to Lebanon, noting that the results of efforts there to bolster the Siniora government would impact Syria and Iraq. The U.S. and Israel, he said, are on the edge of achieving something in Lebanon, and so cannot afford to drop their guard. What is necessary is finding the right way to support PM Siniora. "He is a courageous man," Dagan said. Syria, Iran and Hizballah are working hard against him. Dagan noted that much of what is animating the leadership of Lebanon to take on Syria is personal: "Hariri, Jumblat and others had their parents executed by the Syrians." This anti-Syrian sentiment has forged an alliance based on personal and national interests. Siniora has worked well with the situation, but Dagan suggested that the odds are against him. Under Secretary Burns replied that the U.S. is trying to give PM Siniora as much support as possible, and that we would continue to consult closely with Israel on Lebanon. He noted that he would return to Israel in October.

MEETING PARTICIPANTS

18, (SBU) Accompanying Under Secretary Burns in the meeting were:

-- Ambassador Richard H. Jones
-- Acting PM Assistant Secretary Stephen Mull
-- Acting Assistant Secretary of Defense for International Security Affairs Mary Beth Long
-- NEA/IPA Deputy Director Nicole Shampaine
-- Embassy Tel Aviv Counselor for Political Research
-- Embassy Tel Aviv Political-Military Officer (notetaker)

¶19. (SBU) Accompanying Mossad Chief Meir Dagan in the meeting were:

-- Israeli Ambassador to the U.S. Salai Meridor
-- Advisor to Foreign Minister Livni Omer Caspi
-- Two unidentified Mossad officials

¶20. (U) Under Secretary R. Nicholas Burns cleared on this cable.

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